

# **EXHIBIT 2**

1                   IN THE UNITED STATES DISTRICT COURT  
2                   FOR THE NORTHERN DISTRICT OF OHIO  
3                   EASTERN DIVISION

4 -----X

IN RE: NATIONAL PRESCRIPTION      MDL No. 2804  
OPIATE LITIGATION,

Case No. 17-MD-2804

6 This document relates to:

## 7 All Cases

Hon. Dan A. Polster

8 -----X

9

10 \* \* HIGHLY CONFIDENTIAL - SUBJECT TO FURTHER \* \*

11 \* \* CONFIDENTIALITY REVIEW \* \*

12 VIDEOTAPED DEPOSITION

13 OF

14 THOMAS P. NAPOLI

15 New York, New York

16 Thursday, January 17, 2019

17

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Reported by:

23 ANNETTE ARLEQUIN, CCR, RPR, CRR, RSA

24

1           A.     Yes.

2           Q.     And then at the very bottom it  
3           states, "Complete evaluation of current system V  
4           DEA requirements and prepare executive summary  
5           by 4/30, 2011. Develop action plan and present  
6           to management by 6/1, and implement system with  
7           automated business system test environment by  
8           end of fourth quarter."

9                     Do you remember who set that schedule  
10           for the Phase II of the upgrade of Watson's  
11           Suspicious Order Monitoring program?

12          A.     It's likely myself, my manager.

13          Q.     Again, who was your manager?

14          A.     Scott Soltis.

15          Q.     All right. So let's set this  
16           document aside.

17                     (Witness complies.)

18                     (Napoli Exhibit 11, Customer Services  
19           Agreement - Statement of Work No. 1,  
20           Bates-stamped ALLERGAN\_MDL\_03535028 through  
21           5030, marked for identification, as of this  
22           date.)

23       BY MR. EGLER:

24          Q.     I'll hand you what we will mark as

1 Exhibit 11.

2 (Handing.)

3 A. Thank you.

4 Q. Mr. Napoli, can you look at what I've  
5 marked as Exhibit 11? While you're looking at  
6 it, I'll read into the record it's  
7 ALLERGAN\_MDL\_03535028 through 5030.

8 When you're ready, when you're ready,  
9 can you tell me what this appears to you to be?

10 (Document review.)

11 A. Yes. It's a Statement of Work from  
12 Buzzeo PDMA, also known as Cegedim. And it's to  
13 conduct what we discussed in my, my goals and my  
14 performance review to do an analysis of our SOM  
15 program and discuss our approach, meet with IT  
16 and compliance teams, discuss data, and the, the  
17 current model and any improvements that can be  
18 made.

19 Q. So with regard to this Statement of  
20 Work No. 1, do you know who would have -- who  
21 would have, at Watson, negotiated this statement  
22 of work with Buzzeo?

23 A. Likely myself and Scott Soltis.

24 Q. All right. And what makes you think

1           that?

2                   A.       It was our, our project.

3                   Q.       And so speaking generally about the  
4       Buzzeo entity, I think you had said today that  
5       you had worked with them previously in the  
6       course of your work at Watson; is that right?

7                   A.       Correct.

8                   Q.       And as you think of it, did you work  
9       with consultants other than Buzzeo that provided  
10      similar services while you were at Watson?

11                  A.       I mean primarily from a consulting  
12      standpoint, we would utilize Buzzeo. I'm trying  
13      to think if there are any other...

14                            There may have been another firm, but  
15      I'm just drawing a blank right now.

16                  Q.       Do you remember whether with regards  
17      to the Phase II that you talked about in your  
18      annual review for the Suspicious Order  
19      Monitoring program at Watson, whether you  
20      entertained bids or proposals from anyone other  
21      than Buzzeo PDMA?

22                  A.       Perhaps ValueCentric, but I can't be  
23      100 percent sure.

24                  Q.       So what do you know about

1 ValueCentric?

2 A. ValueCentric is another organization  
3 that is in the business of providing data to the  
4 pharmaceutical industry.

5 Q. Can you think of a particular person  
6 that you recognize as a contact at ValueCentric?

7 A. No.

8 Q. Do you know whether you were -- when  
9 you were at Watson or Actavis, your group ever  
10 contracted with the ValueCentric entity?

11 A. My group did not.

12 Q. Do you know if anyone at Watson  
13 contracted with the ValueCentric entity?

14 MR. KNAPP: Foundation.

15 A. I believe sales and marketing may  
16 have utilized their services.

17 Q. Okay. Anybody else that you know of?

18 A. No, I don't.

19 Q. All right. So with regard to this  
20 Statement of Work No. 1, it's marked as  
21 Exhibit 11, who in particular, if anyone, at the  
22 Buzzeeo PDMA group did you negotiate with?

23 A. Now when you say "negotiate," can you  
24 expand on that, on that term?

1           Q.     Okay. So this document appears to me  
2           to be signed by Mr. Soltis, I think, is it  
3           July 28th, 2011?

4           A.     Um-hmm.  
5                   (Document review.)

6           A.     Yes.

7           Q.     So before that time, as the agreement  
8           was coming together, is there anyone in  
9           particular at Buzzeo PDMA that you worked with  
10          to get a mutual understanding of the scope of  
11          the project and the cost?

12          A.     Yeah. Likely it was an individual  
13          named Paul Hamby, H-a-m-b-y, and Bob Williamson,  
14          common spelling.

15          Q.     And Mr. Hamby I think we mentioned  
16          earlier today.

17                   When did you first meet Mr. Hamby?

18          A.     Likely in the mid-2000s at a Buzzeo  
19          conference.

20          Q.     How about Mr. Williamson?

21          A.     Same. Mr. Caverly we talked about  
22          earlier now. This is the first introduction to  
23          Paul, I believe.

24          Q.     All right. All right. You can set

1           this document aside for now.

2                               (Witness complies.)

3           BY MR. EGLER:

4                       Q.     I'll hand you what we will mark as  
5           Exhibit 12.

6                               (Napoli Exhibit 12, Meeting Minutes  
7           dated 9/8/11 ALLERGAN\_MDL\_02176488 through  
8           6492, marked for identification, as of this  
9           date.)

10          BY MR. EGLER:

11                       Q.     And Mr. Napoli, can you look at what  
12           I've marked as Exhibit 12?

13                               And while you're looking at it, I'll  
14           note for the record that it's numbered  
15           ALLERGAN\_MDL\_02176488 through 6492.

16                               When you're ready, can you tell me if  
17           you recognize this document?

18                       A.     I do recognize it.

19                       Q.     What is it?

20                       A.     It looks like a meeting minutes from  
21           an initial meeting that we had with Cegedim  
22           regarding the SOMS assessment.

23                       Q.     So in the subject, on the first page,  
24           page 88 states, "SOMS meeting system evaluation,



1 Cegedim Dendrite," and it states "Thursday,  
2 September 8th, 2011."

3 Do you remember this particular  
4 meeting?

5 A. I don't.

6 Q. Can you, can you tell from the  
7 context of this where this meeting would have  
8 been held?

9 A. Likely in our Parsippany office.

10 Q. Do you remember having a meeting like  
11 this with people from Cegedim Dendrite in  
12 September 2011?

13 A. Yes.

14 Q. And there's a person there under  
15 attendees, Robert C. Williamson.

16 Is that Bob Williamson -- Bob  
17 Williamson that you were talking about before?

18 A. Bob Williamson, yes.

19 Q. And there's -- the name underneath  
20 there Jonathan Kuhn, Ph.D.

21 Do you know Mr. Kuhn or Dr. Kuhn?

22 A. Yes. He's a statistician who worked  
23 for Cegedim.

24 Q. And then there are various people

1 listed beyond there; Scott Soltis, Mary Woods,  
2 Larry Schaffer, Justin Park, Laura Pinti, Sandra  
3 Simmons, Lisa Scott, Lynn DaCunha, Jaydeep  
4 Shukla, Rick Robbins, and Napoleon Clarke.

5 Did all those people that I just read  
6 their names, did all those people work at  
7 Watson?

8 A. Yes.

9 Q. All right. I don't think we have  
10 seen the name Jaydeep Shukla earlier today. Who  
11 is -- is it Mr. or Ms. Shukla?

12 A. Jaydeep eventually joined our DEA  
13 affairs team as an associate or a DEA compliance  
14 specialist.

15 Q. All right. And then Rick Robbins,  
16 who is Rick Robbins?

17 A. Rick Robbins and Napoleon were both  
18 in sales and marketing.

19 Q. All right. So -- and the front seems  
20 to be a discussion of what is going on at the  
21 meeting.

22 And the third entry down there, it  
23 say, "Agenda," and then in parentheses, "Tom."

24 A. Um-hmm.

1           Q.     As you read this, do you know who  
2           would have typed the text in there that appears  
3           there?

4           A.     No.

5           Q.     Do you think it was you?

6           A.     No.

7           Q.     So it states, "Overview of  
8           organization," and it says, "Anda not included  
9           in the scope of this project."

10                   What is Anda, as you understand it in  
11           the context of Watson?

12           A.     Anda is a pharmaceutical distributor  
13           that, when we acquired Andrx, they were a part  
14           of that organization. But they were treated as  
15           a separate entity. They weren't part of our --  
16           when it came to compliance or anything, they  
17           were a separate entity.

18           Q.     And then the next line down there, it  
19           states, "Enable and sustain growth of our  
20           business" and, dash, "\$498 million of C/S  
21           products sold in 2010 with top 5 products,  
22           hydrocodone, oxycodone, fentanyl and  
23           methylphenidate."

24           A.     Yes.

1           Q.     And then in parentheses, "Concerta  
2     P&G," close parentheses.

3                     So there are, I think, four things  
4     listed there.

5                     But do you remember having a  
6     discussion of Watson having \$498 million of CS  
7     products sold in 2010 and the top four products  
8     being hydrocodone, oxycodone, fentanyl and  
9     methylphenidate?

10            A.     It's entirely possible.

11           Q.     All right. And then the next entry  
12     is, "Enable and sustain growth of business," and  
13     then dash "security and compliance."

14                     Do you have an understanding of  
15     whether you said something like this at the  
16     meeting and what you meant by it?

17           A.     What I would have meant by that is  
18     to, you know, from a business perspective, to  
19     support the business and -- but to make sure  
20     that we do it in a secure and compliant manner.

21           Q.     All right. And then the next  
22     statement is, "Systemic upgrade" and then it  
23     says, "Take labor and subjectivity out of the  
24     department."

1 Do you remember whether you said  
2 something like that at this meeting and what you  
3 meant by it?

4 A. It's possible.

5 Q. What would you have meant by it?

6 A. It meant that although we had a  
7 compliant system, it was very labor intensive,  
8 and we were looking to make enhancements to the  
9 program that would sharpen the tool for us.  
10 Maybe have we have a statistician there where --  
11 to look at algorithms that were currently  
12 developing with the, the advance of technology  
13 itself, or to take a look at is there a way that  
14 we could do this more efficiently to take some  
15 of the labor intensivity out of it and to have  
16 it autocalibrate.

17 Q. So when you say "labor intensivity,"  
18 as you think about the labor intensive part of  
19 the Suspicious Order Monitoring System and  
20 Watson around this time, mid to late 2011, what  
21 was labor intensive about it?

22 A. We pended a lot of orders in the  
23 system that need to be reviewed.

24 Q. And so as you think about it, what

1        was your proposed means of reducing the labor  
2        intensiveness of the system?

3            A.        Automation.

4            Q.        Would the automation replace -- let  
5        me start over.

6                    As I think of the system, there are  
7        three basic parts; the SAP system, and then the  
8        initial order management team consideration, and  
9        the potential DEA team consideration.

10                   So as you think about taking the  
11        labor intensive part out of it, if those are the  
12        correct stages of the system, which part are you  
13        thinking of?

14            A.        Well, just to back up and clarify,  
15        when I think of our SOM system, I don't think  
16        just of SAP. I think of a holistic approach  
17        that begins with the Know Your Customer  
18        initiative and vetting.

19                   And then we have the systemic  
20        approach to it, which we're talking about, then  
21        also the evaluation investigative aspect as  
22        well, too, and the monitoring.

23                   But in this aspect, we were talking  
24        strictly about the automated aspect of the

1       system, where although we had a compliant  
2       system, it -- we wanted to, again, sharpen the,  
3       you know, the sensitivity. So by -- and I'm  
4       just putting this out there. If we looked at  
5       six parameters, we wanted to -- maybe Buzzeo had  
6       a statistical algorithm of like 12. Maybe we  
7       could reduce the number, because we had an awful  
8       lot of false positives in our system, so we  
9       wanted to be more accurate and take -- and by  
10      less labor, it means less false positives, less  
11      time spent on reviewing orders that we didn't  
12      need to have to. Because that was one of the  
13      issues. We reviewed a lot of orders because we  
14      erred on the side of being conservative. We  
15      rather look at too many orders than not look at  
16      enough.

17           Q.     So with regard to that issue and  
18      trying to make the automated part of the  
19      Suspicious Order Monitoring System more  
20      accurate, is that a good word or --

21           A.     No, because it was accurate, but we  
22      just wanted to make it more efficient.

23           Q.     More efficient.

24                   Was there ever any consideration that

1 the system wasn't pulling up enough suspicious  
2 orders?

3 MR. LUXTON: Objection to form.

4 A. The system wasn't pulling up  
5 suspicious orders. The system was pulling up  
6 orders of interest that were pending and it -- I  
7 would not say it didn't pull up enough. I think  
8 we pulled up a lot of orders that were, I would  
9 say, false positives that we had to -- had to  
10 work through.

11 Q. Was there ever any consideration that  
12 the Suspicious Order Monitoring System at Watson  
13 around this time in 2011 was not pulling up or  
14 not pending orders that were suspicious or would  
15 be suspicious if examined?

16 A. No.

17 MR. KNAPP: Objection to form.

18 BY MR. EGLER:

19 Q. Was there ever any discussion of the,  
20 for example, the Norco diversion issue and  
21 whether the Suspicious Order Monitoring System  
22 could be tuned to better examine issues raised  
23 to the diversion of Norco?

24 MR. KNAPP: Form and foundation.



1           A.     Not specifically. I mean, we already  
2     looked at hydrocodone as a molecule, which would  
3     include Norco.

4           Q.     Was there any discussion of whether  
5     to add more variables or data to examine the  
6     known diversion issues with the hydrocodone  
7     molecule?

8           A.     Again, known diversion issues -- what  
9     known diversion issues are you talking about?

10          Q.     So we are talking about the Exhibit,  
11     I think, 8 before, the email...

12                     (Document review.)

13     BY MR. EGLER:

14          Q.     What we marked as Exhibit 8, there is  
15     a statement from Mr. Herrera that says, "The  
16     agents were" -- "that were interested were from  
17     the San Diego field office, and there was a  
18     presentation by SD County prosecutor that keyed  
19     on the diversion wave in SD, especially Watson  
20     hydro and Norco really hard."

21                     Do you remember, and this is  
22     April 2010, do you remember in 2011 when  
23     recalibrating the Suspicious Order Monitoring  
24     System at Watson, whether there was ever any

1 discussion of finding data or variables that  
2 would help to track diversion in, say, San Diego  
3 County, California?

4 A. No. Our system designed for our SOMS  
5 program was in accordance with the DEA  
6 regulations for us to identify or that deviated  
7 in size, pattern or frequency with, with our  
8 trading partners, with our partners. That's  
9 what it was geared towards.

10 Q. The DEA didn't instruct registrants  
11 on the formulas or algorithms they were to use  
12 in constructing their Suspicious Order  
13 Monitoring systems; is that right?

14 A. That's correct.

15 Q. And was there any consideration at  
16 Watson at this time after having been told by  
17 the San Diego field office of the DEA that there  
18 was a diversion wave in San Diego that there  
19 should be some analysis of how to account for  
20 that wave or analyze it or anything?

21 MR. KNAPP: Objection to form. Asked  
22 and answered multiple times.

23 A. And I'll state that, you know, you're  
24 basing this premise on someone's version of what

1       was, I don't know if it was completely shut down  
2       or if there is was a temporary order. I'm not  
3       sure.

4               Q.     And I guess "shut down" isn't the  
5       right way to say it.

6                     They were unable to sell controlled  
7       substances; is that right?

8               A.     Correct.

9               Q.     Okay. So the next bullet point down  
10       states, "Expectation that we know our customers'  
11       customers."

12                    Do you see that there?

13              A.     Um-hmm.

14              Q.     Do you remember where that language  
15       came from, "expectation that we know our," that  
16       we, quote, "know our customers' customers,"  
17       unquote?

18              A.     I don't.

19              Q.     It states, "Cross-functional team  
20       established in 2010."

21                    And I think we talked about that  
22       before, right?

23              A.     Right.

24              Q.     And as you understand it, the

1 cross-functional team that's referred to there  
2 is the group from customer service and the group  
3 from the DEA affairs; is that right?

4 A. That's correct.

5 Q. Oh, and below, it says, "Security and  
6 DEA affairs, IT and customer relations."

7 And the IT component is programming  
8 the automated system into the SAP process; is  
9 that right?

10 A. Right. Or from a project management  
11 standpoint of implementing a new -- if we went  
12 with a new algorithm into the system.

13 Q. And then "Establish goals, compliance  
14 and efficiency."

15 And, again, do you remember there  
16 being a discussion about compliance around this  
17 time frame?

18 A. No, I do not.

19 Q. All right. And then the next one is,  
20 "Budgeted for third-party evaluation in 2011."

21 A. Right.

22 Q. And then turning to the next page,  
23 "Automated System Evaluation," it starts talking  
24 about Cegedim-Dendrite; is that right?

1 A. Yes.

2 Q. And is that the evaluation that we  
3 were talking about in the exhibit before we took  
4 the break?

5 A. Correct.

6 Q. So the next page is "Findings."

7 Do you see that there?

8 (Document review.)

9 A. Yes.

10 Q. So it states -- as you see that word  
11 "Findings," can you -- do you have an  
12 understanding what that means in the context of  
13 this document?

14 A. These would be observations that were  
15 made by the consultant.

16 Q. And the consultant was Buzzeeo?

17 A. Yes.

18 Q. And it says, "Use of multiplier to  
19 create monthly threshold."

20 And it says, "Not consistent with  
21 specific requirements noted within regulations  
22 and guidance, and current system will detect a  
23 certain percentage of suspicious orders but not  
24 all."

1 Do you see that there?

2 A. I do.

3 Q. Do you remember that being a finding  
4 that the Buzzeo group made about the Watson  
5 system in early 2012?

6 A. I don't have a specific recollection.

7 Q. Do you remember -- and, you know, I  
8 put a date limitation on that.

9 Is your lack of specific recollection  
10 based on the date or something else?

11 A. It's just... it's been a while.

12 Q. And then it states, "Current model  
13 evaluates at SKU level."

14 Is that pronounced typically "skew"?

15 A. Yes.

16 Q. All right. What is a SKU?

17 A. A SKU is just one, one product. So  
18 it can be oxycodone 10325, 100 fill count, SKU.

19 Q. Do you recognize the difference  
20 between a SKU and an NDC code?

21 A. The SKU could be -- yeah, there,  
22 there is a difference between the two. I don't  
23 know the exact -- SKU is more of a -- we're kind  
24 of exceeding my, probably my area of expertise,

1 but they're both unique identifiers.

2 I think what this is saying here is  
3 that by looking at it at the SKU level, we're  
4 not looking at the total molecule. And that was  
5 an enhancement. So that's something where we  
6 could have enhanced.

7 Q. All right. So it states, "Current  
8 model evaluates at SKU level. Possibility of  
9 distributing orders across multiple SKUs without  
10 detection."

11 So that's where you're talking about  
12 it can be the same, as you refer to it, molecule  
13 but with different SKUs?

14 A. Right.

15 Q. And then the next one is, "System  
16 does not evaluate listed chemicals"?

17 A. Right.

18 Q. I think we talked about that earlier  
19 as well?

20 A. Right.

21 Q. Those are the precursor chemicals  
22 that you talked about?

23 A. Right.

24 Q. And then on the next page, 990, it

1 states, "Revisit approach to SOM to fully  
2 address specific regulatory requirements."

3 And then it states, "Develop SOM that  
4 is a 'non-threshold-based adaptive' -- I'm  
5 sorry, let me read it.

6 "Develop SOM that is a,  
7 'non-threshold-based adaptive,' system trained  
8 to identify suspicious orders by utilizing a set  
9 of historic markers to include," and then  
10 another bullet point, "statistical scoring of  
11 active ingredient order volume versus history,  
12 active ingredient order versus short and  
13 long-term trend, identification of high/low  
14 frequency ordering behavior."

15 And then the next bullet point is  
16 "Base system on milligram strength rather than  
17 SKU."

18 A. Um-hmm.

19 Q. And then, "Include list of chemical  
20 within system."

21 And then, "Based on recommendations,  
22 GS and DEAA requested a proposal and quote."

23 In the context of this document, do  
24 you know what GS and DEAA would be?



1           A.     Global security and DEA affairs.

2           Q.     And your group was DEA affairs; is  
3     that right?

4           A.     Yes.

5           Q.     And then the next dash is "Establish  
6     meeting with IT and consultant."

7           A.     Um-hmm.

8           Q.     "Understand scope, confirm that  
9     solution was appropriate and achievable." And  
10    then the next one is "Budgeted for 2012  
11    implementation."

12                   Do you see that there?

13          A.     Yes.

14          Q.     Do you remember the -- do you  
15    remember whether there was a decision around  
16    this time, April 2012, to implement the Buzzeo  
17    system at Watson?

18          A.     Yes, I believe there was.

19          Q.     All right. Do you remember who made  
20    that decision?

21          A.     It would have been my management.

22          Q.     Did you support the conclusion to  
23    implement the Buzzeo system?

24          A.     I definitely supported enhancing our

1       system. You know, the automated system that  
2       we're talking about is -- we are talking about  
3       just one component within the system, that's  
4       what I want to make clear. So we're not relying  
5       on one component of a system as our Suspicious  
6       Order Monitoring program.

7               Q.     And as you had been talking about  
8       earlier, in addition to this process, there is  
9       the onboarding process and reviews; is that  
10      right?

11             A.     The Know Your Customer due diligence.

12             Q.     And Know Your Customer due diligence.

13                     And then beyond the automated system,  
14       there is a process of customer service clearing  
15       and then, if necessary, DEA affairs clearing of  
16       orders; is that right?

17             A.     Yes, sir.

18             Q.     And if none of those processes work,  
19       the order will be reported to the DEA as  
20       suspicious; is that right?

21             A.     Correct.

22             Q.     All right.

23                     All right. You can set this aside.

24             A.     Okay.

1 (Witness complies.)

2 (Napoli Exhibit 16, Watson document  
3 entitled SOMS Project Evolution IT  
4 Governance Meeting, Bates-stamped  
5 ALLERGAN\_MDL\_02187196 through 87199, marked  
6 for identification, as of this date.)

7 BY MR. EGLER:

8 Q. Mr. Napoli, I'm handing you what I  
9 marked as Exhibit 16.

10 Mr. Napoli, can you look at that  
11 exhibit? And while you're looking through it,  
12 I'll read it into the record. It's  
13 ALLERGAN\_MDL\_02187196 through 87199.

14 And I'll tell you for the record,  
15 there -- as I read it, there are two emails in  
16 this exhibit, plus an attachment. And the last  
17 email in time, the first one on the page, the  
18 first page of Exhibit 16, you're not included in  
19 that email.

20 A. Okay.

21 Q. So you can read it, but I'm not going  
22 to ask you questions about it.

23 A. Okay.

24 Q. The one below, Tuesday, October 4th,

1       then Actavis, each year about how many new  
2       customers, on average, do you think came in to  
3       the company?

4             A.       Zero.

5             Q.       All right. And did they have any new  
6       customers at any point?

7             A.       There may have been one or two. We  
8       had a long-standing customer base and we -- it  
9       was a very rare occasion if we took on a new  
10      customer for controlled substances.

11            Q.       When you talk about the onboarding  
12      process for the time that you were the head of  
13      DEA affairs at Watson from 2009 through whenever  
14      you left, about how many times was there an  
15      onboarding process?

16            A.       I don't have a direct recollection.

17            Q.       Fewer than a dozen?

18            A.       Yes.

19            Q.       Fewer than five?

20            A.       I don't know.

21            Q.       All right. And then with regard to  
22      the Know Your Customer processes that you talked  
23      about on this panel, do you remember what you  
24      presented on?

1           A.     Presented on our process for reaching  
2     out, establishing strong relationships with our  
3     partners, identifying compliance colleagues at  
4     the other organizations, understanding who their  
5     customers are and how their business relates to  
6     our product, an overview of what their security  
7     programs and compliance programs are, ensuring  
8     that they were compliant with -- their -- with  
9     the CFR, as well as ensuring that we also had a  
10    compliance agreement that we would ask our  
11    customers to acknowledge as well too. So.

12           Q.     And around this same time, October of  
13    2012, Watson had planned on implementing the  
14    Buzzeo automation part of the Suspicious Order  
15    Monitoring System; is that right?

16           A.     Correct.

17           Q.     And also around the same time, late  
18    2012, is this when Watson and Actavis announced  
19    their combination?

20           A.     Yes.

21           Q.     So do you remember whether Watson  
22    implemented the Buzzeo process that it had  
23    planned on implementing?

24           A.     They did not.

1 Q. Do you remember what it did instead?

2 A. We continued with our -- our current  
3 system. The reason why we didn't implement it,  
4 with the acquisition of Actavis, there was a  
5 freeze-out period within SAP because of this --  
6 without getting too into detail, the process of  
7 lifting an entire company and moving all their  
8 products into the business system, there was a  
9 quite extensive freeze-out period where you  
10 couldn't make any changes to the business  
11 system. So that would have held us back from  
12 implementing our system.

13 Q. And that freeze out and  
14 implementation took place in the years 2012 and  
15 2013; is that right?

16 A. We had at Watson/Actavis there was a  
17 period where there was a series of, what I would  
18 call, multiple M&A activities in successive  
19 years.

20 Q. Okay. Let let's leave it at that for  
21 now.

22 A. Okay.

23 Q. All right. Let's move on. You can  
24 set that document aside and we'll move on to 19.

1 (Napoli Exhibit 19, Email chain  
2 beginning with email dated 9/27/12 from  
3 Napoli to Lepore and others, Bates-stamped  
4 ALLERGAN\_MDL\_04173111 through 113, marked  
5 for identification, as of this date.)

6 BY MR. EGLER:

7 Q. Received what's marked as Exhibit 19,  
8 can you look through it. As you're looking  
9 through it generally, I'll read on the record,  
10 it's ALLERGAN\_MDL\_04173111 through 113.

11 And as you look at this document, can  
12 you tell me what it appears to you to be?

13 (Document review.)

14 A. This appears to be an email that is  
15 in regards to our Suspicious Order Monitoring  
16 folks, the customer service side, pending an  
17 order for further review for an increase, and us  
18 asking for additional information and  
19 subsequently releasing the order.

20 Q. On the second page of Exhibit 19, the  
21 first email in time, Victoria Lepore writes to a  
22 person named Jared Green and Robert Gettus about  
23 an order that's being held; is that right?

24 A. Um-hmm.

1       order management system within SAP. Due to  
2       successive acquisition activities since product  
3       initiation the implementation has been placed on  
4       hold at several junctures based on business  
5       integration needs. During the past several  
6       years, DEA has become more aggressive in its  
7       approach related to SOM/Know Your Customer  
8       taking against" -- "taking action against a  
9       growing number of companies for having  
10      non-compliant SOM programs. In an effort to  
11      ensure compliance with the regulations, both the  
12      C/S compliance, order management teams, have  
13      collaborated making efforts to enhance  
14      compliance from customer vetting, order  
15      review/evaluation through  
16      investigation/disposition.

17                "This manual effort is very labor  
18      intensive, as the current system was not  
19      configured with any analytical tools to support  
20      timely and accurate decision making. This  
21      approach also introduces the element of human  
22      interaction into the order evaluation process.

23                "Additionally, the current process  
24      can have an impact on the amount of time



1 required to release a pending order that is under  
2 review, affecting customer service/fill rate  
3 levels."

4 Do you see that there?

5 A. I do.

6 Q. Did you write that?

7 A. Yes, I did.

8 Q. At the time that you wrote it, did  
9 you believe what you wrote there?

10 MR. LUXTON: Objection to form.

11 A. Yup, I do believe that those facts  
12 are accurate. We did have -- we did have a  
13 compliance system, but we wanted to enhance our  
14 compliance to ensure that we were always  
15 continually evolving it on the high ground.

16 Q. So above there you write, under  
17 background, "The SOM" -- "The SOM automation  
18 project initially commenced in 2011 with the  
19 primary goal of replacing our, quote, threshold,  
20 unquote, based system with the CFR compliant  
21 model developed by Cegedim. This project was  
22 initiated in an effort to ensure compliance with  
23 the Code of Federal Regulations, SOM  
24 requirements, controlled substances, 21 CFR

1       1301.74 b, as well as December 2007, DEA  
2       memory."

3                   Do you see that?

4           A.     I did.

5           Q.     When you wrote that in February 2015,  
6       did you believe that to be true?

7           A.     I did believe that Buzzeo had a  
8       system that they were proposing that was  
9       compliant with the CFR

10                   We also had one as well, but we  
11       wanted to move up to a more enhanced  
12       sophisticated system.

13           Q.     So other parts of the -- this memo  
14       talk about a suspicious order monitor --  
15       suspicious order monitor statistical model that  
16       will be hosted, quote, in the cloud and based on  
17       Actavis's order data.

18           A.     Yes.

19           Q.     Do you remember whether this  
20       cloud-based SOM statistical model was ever  
21       adopted at Actavis?

22           A.     This system was created. We used it  
23       in a test environment. We're happy with it. We  
24       were subsequently acquired by Teva and it was

1 put on hold and I don't believe that Teva chose  
2 to utilize it.

3 Q. All right. So with regard to the --  
4 this is -- so with regard to your  
5 understanding -- well, with regard to your  
6 understanding, Actavis never implemented the  
7 cloud-based system that's discussed in this  
8 memo; is that right?

9 A. That's correct. When Teva acquired  
10 Actavis around this time frame they already had  
11 their own program in place for Suspicious Order  
12 Monitoring.

13 Q. So this goes to the number of  
14 corporate transactions that took place --

15 A. Right, right.

16 Q. You're describing the company as  
17 being bought by Teva. Part of what was Actavis,  
18 was purchased and closed on by Allergan.

19 Do you have an understanding of that  
20 as well or some type of transaction occurred  
21 between Allergan and Actavis; is that right?

22 A. Right.

23 Q. Either Actavis bought Allergan or  
24 Allergan bought Actavis?

1 C E R T I F I C A T E

2

3 STATE OF NEW YORK )

4 : ss.

5 COUNTY OF WESTCHESTER )

6

7 I, ANNETTE ARLEQUIN, a Notary Public  
8 within and for the State of New York, do  
9 hereby certify:

10 That THOMAS P. NAPOLI, whose deposition  
11 is hereinbefore set forth, was duly sworn  
12 by me, and that the transcript of such  
13 depositions is a true record of the  
14 testimony given by such witness.

15 I further certify that I am not related  
16 to any of the parties to this action by  
17 blood or marriage; and that I am in no way  
18 interested in the outcome of this matter.

19 IN WITNESS WHEREOF, I have hereunto set  
20 my hand this 17th day of January 2019.

21

22

23 ANNETTE ARLEQUIN, CCR, RPR, CRR, CLR

24